

Let the falcon guide you

AL MAL CAPITAL



ANNUAL
REPORT
2010/11



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Chairman's Letter

Dear Shareholder,

We present herein the Annual Report including the Audited Financial Statements for the year ended 31 December 2010. We are pleased to announce that the Company has returned to profitability for the year 2010, posting total comprehensive income attributable to shareholders of AED 6.9 million.

2010 HIGHLIGHTS

- Growth in Fees and Commissions by 74% to AED 38 million
- Client assets under management of over AED 1 billion
- Equity attributable to equity holders of AED 372 million (2009 – 366.9 million)
- Approval from CMA to expand our license and offering in Saudi Arabia

REVIEW OF BUSINESS ACTIVITIES

All of our business activities showed strong progress in the past year amid challenging circumstances.

Our Asset Management unit continued to produce consistent results and performance in its line of public equity and debt products. In particular the Al Mal UAE Equity Fund has been recognized by the industry for its exemplary returns by being awarded the UAE Equity Fund of the Year Award 2010 by MENA Fund Manager magazine, as well as retaining the top UAE fund ranking on Zawya for each of the four quarters of 2010. We have continued to produce exciting new products which have a relevance to market opportunities with the launch of our ninth fund – and first open-ended Sharia-compliant fund – the Al Mal Saudi Sharia Equity Fund.

The Brokerage unit has been consistently improving its ranking among local brokers in the UAE, and has seen significant volume addition by way of our Investment Account platform in other regional markets – reinforcing our value proposition to clients as a truly regional player. Our ability to deliver actionable ideas to clients has been strengthened by way of regular Strategy piece publication and actionable, institutional-quality sales ideas. As well, a fresh face has been given to our Research product, which has initiated coverage in a number of sectors of active market interest such as the Saudi Food and Retail sector, with an innovative, easy-to-digest and investor-friendly presentation format.

Our Investment Banking team, working alongside the newly formed Capital Markets unit, successfully structured and transacted five direct deal placements. While the year proved challenging for regional issuance (in particular, IPOs) there were a series of new advisory mandates signed on and commenced. In the past this has been a favorable indicator of future transaction flow as many advisory mandates have been converted into private placement and capital markets mandates.





OUTLOOK

While political concerns and regional turmoil have been front-and-centre in the minds of most over the past few months, successful navigation of turbulent market conditions has been emblematic of our performance in recent years. We forecast that, as the industry playing field narrows, the inevitable recovery will provide a window to capture a significantly greater share of future business. With a developing presence in Saudi Arabia complementing our established base in the UAE, a strong team, and robust platform and policies in place, we are well positioned to accommodate and seize new opportunities.

We already witness recent developments translating into initiatives on the part of regulators and authorities to remove longstanding barriers and open up the environment in which we operate. A fresh attitude and approach, and freer exchange of ideas and dialogue with more industry consultation, should usher in a revival for capital markets across the MENA region accompanied by real improvement in the investment landscape. We look forward to introducing new, exciting investment ideas and presenting innovative products and opportunities to our clients in the near future.

Warmest regards,



Naser Nabulsi, Executive Chairman

Board of Directors

NASER T. NABULSI (UAE)

Executive Chairman, Al Mal Capital PSC
Former Chief Executive of Dubai International Financial Centre, *UAE*
Former Head of Asset Management Group of
Executive Office of H.H. Sheikh Mohammed Bin Rashid Al Maktoum, *UAE*
Former First Vice President, Merrill Lynch International, *UAE*

ABDUL JALIL YOUSEF DARWISH (UAE)

Chairman, UAE Enterprises, *UAE*
Former Vice Chairman, HSBC Middle East
Former Chief Executive Officer & Executive Director, HSBC Middle East

ABDELMONEM BIN EISA BIN NASSER AL SERKAL (UAE)

(Representing Eisa Bin Nasser Bin Abdullatif Al Serkal)
Prestigious and Longstanding UAE Business House, *UAE*

ADEL ABDUL HAMEED IBRAHIM ABDULLA ALHOSANI (UAE)

Vice Chairman, Abdulla Group (UAE Portfolio Management Co.)
Former Senior Executive: First Gulf Bank, NBAD and the Central Bank of the *UAE*

AHMED SAIF AL DARMAKI (UAE)

Head of Private Office of H.H. Sheikh Diab Bin Zayed Al Nahyan, *UAE*

HAMAD RASHID NEHAIL AL NEAIMI (UAE)

Vice Chairman, H.H. Sheikh Saeed Bin Zayed Al Nahyan, *UAE*

KHALID S. MADI (JORDAN)

Managing Director, Al Mal Capital PSC
Founder and Owner of Infinity Investment Solutions, *UAE*
Former Senior Financial Advisor, Merrill Lynch International, *UAE*

MICHAEL S. DAGHER (JORDAN)

President, Neu Venture Groups Ltd., UAE (DIFC)
Founder and Former Chief Executive Officer of Umniah Mobile Company, *Jordan*
Former Vice Chairman, Orascom Telecom Holding, *Egypt*
Former Chief Executive Officer of Fastlink, *Jordan*

SHEIKH MISHAL BIN KHALID BIN MOHD HETHLAIN (SAUDI ARABIA)

President, GHRRA United Company, *Saudi Arabia*





ABOUT US

Al Mal Capital PSC, originated in 2005, is a diversified, multi-line investment institution headquartered in Dubai, United Arab Emirates. The Company is regulated and overseen by the Central Bank of the UAE.

In 2010 Al Mal Capital expanded its operations in the Middle East region with the establishment of Al Mal Capital Saudi JSC, which operates in the Kingdom of Saudi Arabia under a full investment banking license from the Saudi Capital Market Authority (CMA).

With strong leadership, enduring commitment and a depth of experience in the Middle East region, Al Mal Capital has established a reputation of delivering strong performance and unparalleled service to clients. Our professionals provide important contributions from their respective areas to the overall experience of our customers:

Investment Banking: Al Mal Capital provides Investment Banking advisory services covering equity and debt capital markets, focusing on mergers, acquisitions, IPOs and other related financial transactions that assist our clients to achieve continuing success and growth in their regional business activities.

Brokerage: We enable clients to act regionally with a footprint and capability covering all important markets, allowing clients to trade seamlessly across MENA (Middle East and North Africa) Securities Markets. Having already established a significant presence in the UAE and Saudi Arabia, our Brokerage unit has differentiated its offering by delivering a research-driven, personalized service to clients according to their requirements.

Asset Management: Al Mal Capital offers a unique array of MENA-centered managed products, including Equity & Opportunistic Funds, Income Funds, Private Equity/Real Estate Funds and Discretionary Accounts. Our unyielding focus on performance, process and people, along with exceeding expectations of clients, has meant that our Asset Management business has established a reputation synonymous with quality and performance.



Ancient lamp in Manama, Bahrain

Investment Banking

CAREFULLY ENGINEERED SOLUTIONS

Al Mal Capital undertakes the origination, structuring, marketing and pricing of both equity and debt offerings. We assist companies through all stages of the business life cycle, including the important transition from private to public ownership.

The *Equity Capital Markets* team at Al Mal Capital advises clients, primarily business owners and senior corporate executives, recommending ways to optimize their company capital structure: whether restructuring, private or public issuance of capital, or acquisition or sale of part or all of a business. We understand that capital market activity is likely to be a milestone event in the history of any company, and we take this responsibility very seriously.

Our specialist *Debt Capital Markets* unit endeavors to provide tailored solutions for the debt financing requirements of companies and institutions in the region. We offer a comprehensive range of both conventional and Islamic debt structuring capabilities, including conventional debt instruments, Islamic financing instruments and debt instruments with embedded options.

The Al Mal Capital *Corporate Finance* team provides Investment Banking advisory services, critical to the successful development of regional companies:

- Mergers & Acquisitions
- Divestitures and Spin-offs
- Financial Restructurings
- Strategic Partnerships
- Fairness Opinions
- Credit Rating Advisory

Al Mal Capital's Investment Banking team is comprised of top professionals with a combination of local and international experience, as well as background in a variety of industry sectors and asset classes. This allows us to develop and present the optimal financial solutions for our clients, advising and assisting them on public and private fundraising in the equity and debt capital markets.





Ferris-wheel, Hama, Syria

Investment Banking

OUR TRACK RECORD

Al Mal Capital puts its knowledge, passion and enthusiasm to work for our clients every day. We have provided a representative sample of some of the transactions and work we have done for our clients to date.



MANAZEL REAL ESTATE COMPANY

Direct Placement, Common Shares

AED 20 Million



MADAARES PJSC

Direct Placement, Common Shares

AED 53 Million



TAAMEER *Jordanian Company*
for Real Estate Development

Initial Public Offering of Common Shares

JOD 53 Million

International Lead Manager



EMCOR FACILITIES SERVICES GROUP LTD. (JAFZA)

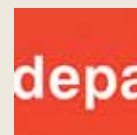
Private Placement of Ordinary Shares

Sole Financial Advisor and Placement Agent



MIDDLE EAST COMPLEX FOR ENGINEERING, ELECTRICAL AND HEAVY INDUSTRIES

Sell Side Acquisition
Financial Advisor



DEPA UNITED GROUP
Direct Placement, Common Shares

AED 30 Million





EMAAR MGF LAND LIMITED
Direct Placement, Common Shares

USD 13 Million



DRAKE & SCULL
INTERNATIONAL PJSC
Pre-IPO Private Placement of Ordinary Shares

Financial Advisor and
Placement Agent



INDU PROJECTS LIMITED
Sell Side Acquisition
Financial Advisor



DRAKE & SCULL
INTERNATIONAL L.L.C.
Initial Public Offering of Ordinary Shares

AED 1,198 Million

Joint Lead Manager



JORDAN AVIATION.
51% of the Equity of the Company

USD 180 Million

Financial Advisor and Placement Agent



HITS TELECOM.
Dual Listing of Shares on the DFM

Listing Advisor



Brokerage

DELIVERING REGIONAL MARKET KNOWLEDGE

Al Mal Securities Group (AMSG) is the brokerage arm of Al Mal Capital PSC. It is a dynamic business unit with coverage of all the GCC, Middle East and North African markets as well as execution coverage of important international markets.

AMSG provides high quality institutional execution capability, both high-touch and electronic, complemented by market commentary to clients through regular and personal contact as well as comprehensive research coverage of companies and events affecting regional markets. With a demanding client base of MENA-based institutions, asset managers and international institutional investors, we stand out on the basis of our insightful market thoughts and actionable sales ideas.

AMSG currently operates at three levels, at the Al Mal Capital level (both as Principal and Agent) and the individual brokerage subsidiaries' level in the UAE and Saudi Arabia.

AMSG also provides Prime Brokerage Services (PBS), incorporating nominee custody and trading services. Over the years we have built a network of agency brokers and broker-dealer subsidiaries to serve this platform. Being a GCC-based company, we focus on the GCC and MENA exchanges and consider such exchanges as our "backyard" where we can provide the greatest amount of value added service to our clients.





Souq Waqif in Doha, Qatar

Research

EXPERTISE BEHIND THE SCENES

Research at Al Mal Capital has been designed around the singular purpose of making money in the markets, over the short and long term, with an independent and unbiased approach.

The product has been enhanced to deliver highly commercial and differentiated trading and investment ideas, enabling our clients to manage their MENA portfolio allocations more effectively. Our clients can make use of our coverage of the major bourses and leading names across Middle East equity markets, and benefit from the contribution of our years of experience and insight into regional markets.





Bastakia in Dubai, UAE

Asset Management

FOCUS INTERNATIONAL EXPERIENCE, PERFORMANCE

Al Mal Capital's Asset Management unit offers a broad array of pooled investment vehicles and managed accounts for clients, in both conventional and Shariah-complaint form:

Equity and Opportunistic Funds provide investors with a selection of products encompassing different styles and risk tolerances, participating in the growth of companies listed on stock markets in the MENA region and other markets.

Income Funds present investors with a stable and reliable source of income and returns, by investing in regional sovereign and corporate fixed income and Sukuk issues as well as money market investments in the MENA region.

Private Equity Funds provide access to late stage and pre-IPO opportunities, seeking to create significant value for investors through this unique subset of the regional investment universe.

Real Estate Funds seek out attractive private equity style property opportunities across the region.

Discretionary Accounts offer a tailored and individualized portfolio management service for high net worth and institutional investors, with the ability to accommodate local UAE, GCC and MENA equity, fixed income and balanced mandates.

Islamic Investments Al Mal offers clients products and tailored discretionary portfolios designed to be Shariah compliant.





Sawadi Fort in Oman

Your Account with Al Mal Capital

A SINGLE POINT OF CONTACT OPENS THE DOOR

Investing with Al Mal Capital is built around a simple yet powerful idea: the client experience is central, managed by a well-trained and resourceful relationship person, who understands investor requirements clearly and can marry them with the wide variety of resources available at Al Mal Capital.

Our depth of experience in serving clients in the region has shown that client goals and interests are best served by a single point of contact, especially the complex needs of high net worth individuals and family office groups in today's fast-moving markets. Your Relationship Manager at Al Mal Capital is empowered with the full range of resources and in-house expertise that the Company has to offer in order to help achieve your aims.

From regional securities and product ideas along with selected global investment opportunities, we provide clients with a comprehensive portfolio advisory, management and trading platform tailored to regional and international investors alike.

Al Mal Capital's Services from your Relationship Manager include:

UNDERSTANDING THE FINANCIAL SITUATION

- Risk Return Profiling
- Product Suitability
- Investment Advice and Counseling
- Portfolio Construction, Monitoring and Review

RESOURCES FROM AL MAL CAPITAL

- Asset and Wealth Management
- Regional Brokerage Services
- Equity Research and Market Strategy
- Investment Banking Transactions and Advice
- Bespoke Financial Solutions



Inside the fort in Manama, Bahrain



INVESTMENT BANKING • BROKERAGE • ASSET MANAGEMENT

www.almalcapital.com